



**Nicor Gas**  
1844 Ferry Road  
Naperville, IL 60563-9600

Mailing Address:  
P.O. Box 190  
Aurora, IL 60507-0190

Phone 630 983-8676  
Internet [www.nicor.com](http://www.nicor.com)

April 01, 2003

Ms. Elizabeth A. Rolando  
Chief Clerk  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, Illinois 62706

Dear Ms. Rolando:

As required by the Commission's order in Docket No. 02-0725, enclosed are the calculations of Northern Illinois Gas Company's d/b/a Nicor Gas Company Annual Reconciliation Balance for the reconciliation period ended December 31, 2002. The detailed statements included as pages 3 through 4 set forth, for each month of 2002, the recoverable gas costs and revenues recorded under the various Gas Supply Cost charges. Also included is the report of Deloitte & Touche LLP, independent public accountants, and an affidavit of an officer of the Company. The filing further includes similar documents for calendar years 1999, 2000 and 2001, which reflect certain accounting adjustments for those years.

These statements have been prepared in accordance with the Commission's Amendatory Order of October 3, 1995, in Docket No. 94-0403, Uniform Purchased Gas Adjustment clause(s) (83 Illinois Administrative Code Part 525).

The Company will provide the appropriate written testimony and exhibits based upon the schedule established in Docket Nos. 01-0705, 02-0067 and 02-0725 (Consolidated).

A copy of this filing is being sent to Mr. John Hendrickson, Rate Design Department and Mary Selvaggio, Manager of Accounting of the Commission in Springfield. An additional copy of this filing is also enclosed for your convenience in acknowledging its receipt.

Sincerely,

A handwritten signature in cursive script that reads "Albert E. Harms".

Albert E. Harms  
Manager Rate Research

Enclosures



To the Board of Directors  
Northern Illinois Gas Company  
1844 Ferry Road  
Naperville, IL 60563

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northern Illinois Gas Company for the year ended December 31, 2002, and have issued our report thereon dated February 28, 2003. We have also audited the accompanying statement Reconciliation Balance for the Reconciliation Period ended December 31, 2002. This statement is the responsibility of Northern Illinois Gas Company's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purpose of complying with Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission.

In our opinion, the statement referred to above presents fairly, in all material respects, the information set forth therein of Northern Illinois Gas Company for the reconciliation period ended December 31, 2002, in accordance with Rider 6 of the Company's rate schedule filed with the Illinois Commerce Commission.

This report is intended solely for the information and use of the Board of Directors and the management of Northern Illinois Gas Company and the Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

February 28, 2003

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY

RECONCILIATION BALANCE FOR THE RECONCILIATION PERIOD ENDED  
DECEMBER 31, 2002

Commodity Related Reconciliation (See Page 3 for detail)

Revenues Recorded Under Commodity Related Charges (Note 2)	\$ 819,809,109
Recoverable Commodity Related Costs (Note 3)	<u>720,560,854</u>
2002 Balance to be Refunded under Section E	\$ 99,248,255
Prior Period Adjustments	
1999	13,751,764
2000	(36,017,779)
2001	<u>6,290,754</u>
Cumulative Balance to be Refunded (1999 through 2002)	\$ <u>83,272,994</u>

Non-Commodity Related Reconciliation (See Page 4 for detail)

Revenues Recorded Under Non-Commodity Related Charges (Notes 4)	\$ 123,559,242
Recoverable Non-Commodity Related Costs (Note 5)	<u>98,854,843</u>
2002 Balance to be Refunded under Section E	\$ 24,704,399
Prior Period Adjustments	
2001	<u>(10,452,129)</u>
Cumulative Balance to be Refunded (1999 through 2002)	\$ <u>14,252,270</u>

Total Reconciliation

Revenues Recorded	\$ 943,368,351
Recoverable Costs	<u>819,415,697</u>
2002 Total Balance to be Refunded	\$ 123,952,654
Prior Period Adjustments	
1999	13,751,764
2000	(36,017,779)
2001	<u>(4,161,375)</u>
Total Cumulative Balance to be Refunded (1999 through 2002)	\$ <u>97,525,264</u>

Notes:

1. **Basis of Presentation**

Nicor Gas maintains its financial books and records in accordance with accounting standards generally accepted in the United States of America. These statements have been prepared from the financial books and records of the Company in accordance with the annual reconciliation provision of Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission.

2. **Revenues Recorded Under Commodity Related Charges**

Revenue arising: (1) through application of the Commodity Gas Cost charge (CGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Transition Surcharge to customer-owned therms delivered under Rate 74 (General Transportation Service), Rate 76 (Large General Transportation Service), Rate 77 (Large Volume Transportation Service), Rate 81 (Energy Transportation Service), and Rider 25 (Firm Transportation Service); (3) from estimated unbilled service; (4) under the Unauthorized Use Charge provisions of Rate 74, Rate 76, Rate 77, and Rate 81, and Rider 13, exclusive of gas costs; (5) under the Excess Storage Charge provisions of Rate 74, Rate 76, Rate 77, Rate 81, and Rider 25 and Rider 13; and (6) exclusive of Standard Rider 5 revenue and interest.

3. **Recoverable Commodity Related Costs**

The Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2002).

4. **Revenues Recorded Under Non-Commodity Related Charges**

Revenue arising: (1) through application of the Non-Commodity Gas Cost charge (NCGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Demand Gas Cost charge (DGC) to Firm Backup Service levels of customers; (3) through application of the Aggregator Balancing Service Charge to customer-owned therms delivered under Rider 15, Customer Select Pilot Program and billed to suppliers providing service to such customers under Rider 16, Supplier Aggregation Service; (4) from estimated unbilled service; and (5) exclusive of interest.

Application of the Non-Commodity Gas Cost charge (NCGC) and Demand Gas Cost charge (DGC), pursuant to the Commission's Orders in Docket Nos. 88-0277 and 95-0219. The NCGC is applicable at the full calculated level to therms sold by the Company, and Authorized and Unauthorized Use therms sold to Rate 74, Rate 76, Rate 77, Rate 81, and Rider 13. The DGC is applicable to forty percent of Maximum Daily Contract Quantity (MDCQ) for Rate 6, Rate 7, and Rider 25, and to the elected level of Firm Backup Service for Rate 74, Rate 76, Rate 77, and Rate 81.

5. **Recoverable Non-Commodity Related Charges**

Non-Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2002).

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE COSTS  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2002

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
REVENUES RECORDED UNDER													
COMMODITY CHARGES													
COMMODITY GAS CHARGE (GCG)	\$88,221,228	\$75,653,718	\$73,494,383	\$52,596,530	\$47,168,894	\$19,608,045	\$18,356,546	\$17,478,351	\$17,823,228	\$60,864,444	\$138,632,223	\$206,747,304	\$816,636,885
EXCESS STORAGE CHARGES	124,861	71,667	24,016	22,066	31,626	93,711	180,041	42,209	153,015	182,851	57,319	73,204	1,036,569
STORAGE SERVICES	33,333	33,333	33,333	133,333	133,333	133,333	133,333	133,333	133,333	133,333	133,333	118,332	1,284,985
RIDER 5 REVENUES	(45,485)	(41,557)	(42,612)	(25,077)	(16,498)	(6,677)	4,542	6,472	12,235	34,022	66,792	97,967	44,116
INTEREST ON REFUNDS	378,230	83,075	84,417	33,103	30,687	26,305	15,630	38,450	33,486	28,011	43,878	13,252	804,534
TOTAL	\$88,710,147	\$75,800,226	\$73,593,537	\$52,749,958	\$47,348,044	\$19,855,717	\$18,673,092	\$17,696,815	\$18,155,307	\$61,242,661	\$138,933,545	\$207,050,058	\$819,809,109

RECOVERABLE COMMODITY RELATED COSTS													
FIRM SUPPLY	\$ 74,763,649	\$ 61,217,219	\$ 31,533,566	\$ 12,445,556	\$ 9,118,649	\$46,964,687	\$13,427,913	\$12,891,585	\$52,957,194	\$20,164,065	\$100,960,011	\$121,019,723	\$557,503,817
SPOT GAS PURCHASES	9,721,847	13,021,949	30,864,513	46,303,686	63,619,785	47,109,855	45,488,024	57,547,785	56,200,354	106,231,533	29,831,644	6,237,048	\$14,279,033
OFF-SYSTEM SUPPLY SALES	(16,618,177)	(16,725,208)	(15,114,289)	(35,963,246)	(16,192,058)	(13,362,567)	(19,488,863)	(15,905,305)	(17,128,153)	(26,932,367)	(16,167,567)	(36,629,306)	(249,225,106)
INVENTORY ACTIVITY	53,436,328	29,679,343	65,134,895	40,734,132	(21,106,868)	(53,045,002)	(18,163,887)	(48,205,384)	(76,143,409)	(31,202,841)	14,038,991	58,202,803	13,359,091
HEDGING COST	(1,558,424)	82,733	(2,474,579)	6,960,748	760,849	282,107	383,185	(468,205)	(266,830)	256,719	1,184,942	4,246,992	9,404,136
SUPPLY MANAGEMENT COSTS	0	0	398,629	0	0	0	0	0	0	0	0	531,768	830,397
PBR COLLECTION	0	0	13,464,850	0	0	0	0	0	0	(1,205,506)	0	0	12,259,342
AMORTIZATION OF REFUNDS	0	(6,633)	0	0	0	0	0	0	0	0	0	0	(6,633)
AMORTIZATION OF PREVIOUS YEARS RB	(38,624,928)	(23,595,835)	(38,083,914)	(12,100,101)	0	0	0	0	0	0	0	0	(112,404,778)
AUTHORIZED OVER-RUN CHARGES	0	0	0	0	0	0	0	8,846	0	0	0	0	8,846
REVERSING 2001 PLAN YEAR PBR COLLECTION	0	0	(13,464,850)	0	0	0	0	0	0	1,205,506	0	0	(12,259,342)
2001 PBR RESTATEMENT	0	0	(13,287,949)	0	0	0	0	0	0	0	0	0	(13,287,949)
TOTAL	\$81,122,285	\$65,673,568	\$39,070,962	\$60,390,776	\$36,200,357	\$27,848,080	\$21,657,372	\$5,909,332	\$15,619,056	\$66,519,109	\$127,848,021	\$154,611,026	\$720,580,854
COMMODITY RELATED OVER / (UNDER) COLLECTION	\$7,587,852	\$12,126,658	\$14,522,675	(\$7,630,816)	\$11,147,687	(\$8,093,353)	(\$2,904,280)	\$11,787,483	\$2,536,251	(\$5,276,448)	\$11,085,524	\$52,439,033	\$89,248,255

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
NON-COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE GAS COSTS  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2002

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2002 TOTAL
REVENUES RECORDED UNDER													
NON-COMMODITY RELATED CHARGES													
DGC AND NCGC	\$22,687,464	\$18,415,831	\$21,714,045	\$11,559,739	\$7,188,241	\$2,581,411	\$2,257,808	\$2,366,806	\$2,324,108	\$5,532,840	\$9,897,065	\$10,888,728	\$117,424,086
AGGREGATOR BALANCE SERVICE CHARGE	642,816	890,396	783,388	886,844	453,001	303,278	135,379	183,216	162,830	177,009	591,344	825,656	6,135,156
SUBTOTAL	\$23,340,279	\$19,306,227	\$22,497,433	\$12,446,583	\$7,641,242	\$2,884,689	\$2,393,187	\$2,550,022	\$2,486,938	\$5,709,849	\$10,488,409	\$11,814,384	\$123,559,242
RECOVERABLE NON-COMMODITY													
RELATED COSTS													
FIRM SUPPLY	\$ 9,126,856	\$ 9,510,936	\$ 7,227,107	\$ 6,279,921	\$ 6,483,456	\$ 6,875,701	\$ 6,986,390	\$ 6,986,202	\$ 6,955,554	\$ 7,021,994	\$ 8,377,676	\$ 9,891,352	\$91,742,134
FERC ORDER 636 TRANSITION CHARGE	(72,813)	(70,391)	(67,968)	(67,968)	(67,968)	46,958	46,958	46,958	46,958	46,958	(41,243)	(3,004,333)	(10,440,070)
DEMAND AND OTHER CREDITS	1,818,607	(1,429,911)	(2,837,008)	(485,359)	(1,158,767)	(978,468)	(631,234)	(942,849)	(942,849)	(477,171)	(41,243)	(3,004,333)	(10,440,070)
PURCHASED STORAGE SERVICE	4,012,638	4,030,972	(4,401,084)	2,221,008	2,237,720	2,437,672	2,272,708	2,308,867	2,088,345	2,012,722	2,406,513	(147,890)	21,461,211
PBR COLLECTION	0	0	1,386,524	0	0	0	0	0	0	0	0	0	1,262,388
AMORTIZATION OF PREVIOUS YEARS PB	(9,080,482)	6,715,174	0	4	0	0	0	0	0	0	0	0	(2,365,304)
REVERSING 2001 PLAN YEAR PBR COLLECTION	0	0	(1,386,524)	0	0	0	0	0	0	0	0	0	(1,262,388)
2001 PBR RESTATEMENT	0	0	(1,489,061)	0	0	0	0	0	0	0	0	0	(1,489,061)
TOTAL	\$5,804,805	\$18,756,780	(\$1,668,034)	\$7,947,609	\$7,494,441	\$8,383,865	\$9,140,707	\$8,721,813	\$8,128,008	\$8,604,503	\$10,789,904	\$6,750,442	\$98,854,843
NON-COMMODITY RELATED OVER / (UNDER) COLLECTION	\$17,535,474	\$549,447	\$24,165,467	\$4,488,974	\$146,801	(\$5,489,178)	(\$6,747,520)	(\$6,171,791)	(\$5,641,070)	(\$2,894,654)	(\$301,485)	\$5,083,942	\$24,704,399

Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 02-0725  
PGA Reconciliation for the Year Ended December 31, 2002

Commodity Gas Cost

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>	<u>Adjustments</u>	<u>Restatement</u>
1	Unamortized Balance as of 12/31/01 per 2001 Reconciliation	(50,560,245)		(50,560,245)
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/01 per 2001 Reconciliation	(62,220,763)		(62,220,763)
3	Factor O Collected/(Refunded) during 2001	0		0
	Requested Factor O to be Collected/(Refunded) (DUE TO RESTATEMENT)	0	15,975,261	15,975,261
4	Balance to be Collected/(Refunded) during 2001 from prior periods (sum of lines 1 thru 3)	<u>(\$112,781,008)</u>	<u>\$15,975,261</u>	<u>(\$96,805,747)</u>
5	2002 Gas Costs	852,088,014		852,088,014
6	2002 PGA Revenues	(817,968,005)		(817,968,005)
7	Pipeline Surcharges/(Refunds)	(6,633)		(6,633)
8	Other Adjustments	12,259,342		12,259,342
	Reversing 2001 Plan Year PBR Collection		(12,259,342)	(12,259,342)
	2001 PBR Restatement		(13,287,949)	(13,287,949)
	PGA Adjustment to reflect 2002 Final Gas Cost	0	(6,864,375)	(6,864,375)
9	Interest	<u>(428,304)</u>		<u>(428,304)</u>
10	2002 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$45,944,414</u>	<u>(\$32,411,666)</u>	<u>\$13,532,748</u>
11	Under/(Over) Recovery Balance at 12/31/02 (line 4 + line 10)	(66,836,594)	(16,436,405)	(83,272,999)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/02	(38,674,251)		(38,674,251)
13	Unamortized Balance at 12/31/02 (per filing truing up actual for December 2002)	<u>(28,162,343)</u>		<u>(28,162,343)</u>
14	Requested Factor O to be Collected/(Refunded) (DUE TO RESTATEMENT) (line 11 - line 12 - line 13)	<u>\$0</u>	<u>(\$16,436,405)</u>	<u>(\$16,436,405)</u>

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 02-0725  
PGA Reconciliation for the Year Ended December 31, 2002**

**Non-Commodity Gas Cost**

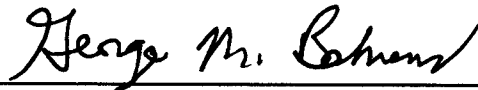
<u>Line</u>	<u>Description</u>	<u>Per Filings</u>	<u>Adjustments</u>	<u>Restatement</u>
1	Unamortized Balance as of 12/31/01 per 2001 Reconciliation	0		0
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/01 per 2001 Reconciliation	(2,365,312)		(2,365,312)
3	Factor O Collected/(Refunded) during 2001	0		0
	Requested Factor O to be Collected/(Refunded) ( <b>DUE TO RESTATEMENT</b> )	0	10,452,129	10,452,129
4	Balance to be Collected/(Refunded) during 2002 from prior periods (sum of lines 1 thru 3)	<u>(\$2,365,312)</u>	<u>\$10,452,129</u>	<u>\$8,086,817</u>
5	2002 Gas Costs	108,503,557		108,503,557
6	2002 PGA Revenues	(117,424,086)		(117,424,086)
7	Pipeline Surcharges/(Refunds)	0		0
8	Other Adjustments	1,262,388		1,262,388
	Reversing 2001 Plan Year PBR Collection		(1,262,388)	(1,262,388)
	2001 PBR Restatement		(1,489,081)	(1,489,081)
	PGA Adjustment to reflect 2002 Final Gas Cost		(11,929,485)	(11,929,485)
9	Interest	<u>0</u>		<u>0</u>
10	2002 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>(\$7,658,141)</u>	<u>(\$14,680,954)</u>	<u>(\$22,339,095)</u>
11	Under/(Over) Recovery Balance at 12/31/02 (line 4 + line 10)	(10,023,453)	(4,228,825)	(14,252,278)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/02	(10,023,453)		(10,023,453)
13	Unamortized Balance at 12/31/02 (per filing truing up actual for December 2002)	<u>0</u>		<u>0</u>
14	Requested Factor O to be Collected/(Refunded) ( <b>DUE TO RESTATEMENT</b> ) (line 11 - line 12 - line 13)	<u>\$0</u>	<u>(\$4,228,825)</u>	<u>(\$4,228,825)</u>



STATE OF ILLINOIS       )  
                                      )  
COUNTY OF DUPAGE       )

**VERIFICATION**

George M. Behrens, being first duly sworn, states that he is Vice President Administration and Treasurer of Northern Illinois Gas Company d/b/a Nicor Gas Company; that he has read the foregoing Statement by him subscribed and knows the contents thereof; and that the statements therein contained are true to the best of his knowledge and belief.



George M. Behrens  
Vice President Administration and Treasurer

SUBSCRIBED AND SWORN TO,  
before me this 28 day  
of March, 2003.

  
Notary Public

My Commission expires

01/14/07



OFFICIAL SEAL  
CONNIE L. CERUTTI  
NOTARY PUBLIC, STATE OF ILLINOIS  
MY COMMISSION EXPIRES: 01/14/07



To the Board of Directors  
Northern Illinois Gas Company  
1844 Ferry Road  
Naperville, IL 60563

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northern Illinois Gas Company for the year ended December 31, 2001, and have issued our report thereon dated February 28, 2003. We have also audited the accompanying statement Reconciliation Balance for the Reconciliation Period ended December 31, 2001 – Amendment No. 1. This statement is the responsibility of Northern Illinois Gas Company's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purpose of complying with Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission.

In our opinion, the statement referred to above presents fairly, in all material respects, the information set forth therein of Northern Illinois Gas Company for the reconciliation period ended December 31, 2001, in accordance with Rider 6 of the Company's rate schedule filed with the Illinois Commerce Commission.

As discussed in Note 2 to the statement, the accompanying statement has been restated.

This report is intended solely for the information and use of the Board of Directors and the management of Northern Illinois Gas Company and the Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

February 28, 2003

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY

RECONCILIATION BALANCE FOR THE RECONCILIATION PERIOD ENDED  
DECEMBER 31, 2001  
Amendment No. 1

Commodity Related Reconciliation (See Page 3 for detail)	Per Original Filing	Adjustments	As Restated
Revenues Recorded Under Commodity Related Charges (Note 3)	\$ 1,331,713,650		\$ 1,331,713,650
Recoverable Commodity Related Costs (Note 4)	<u>1,219,308,872</u>	<u>(6,290,754)</u>	<u>1,213,018,118</u>
2001 Balance to be Refunded under Section E	112,404,778	6,290,754	118,695,532
Prior Period Adjustments			
1999		13,751,764	13,751,764
2000		<u>(36,017,779)</u>	<u>(36,017,779)</u>
Cumulative Balance to be Refunded (1999 through 2001)	\$ <u>112,404,778</u>	\$ <u>(15,975,261)</u>	\$ <u>96,429,517</u>
Non-Commodity Related Reconciliation (See Page 4 for detail)			
Revenues Recorded Under Non-Commodity Related Charges (Notes 5)	\$ 127,867,142		\$ 127,867,142
Recoverable Non-Commodity Related Costs (Note 6)	<u>125,501,838</u>	<u>10,452,129</u>	<u>135,953,967</u>
2001 Balance to be (Recovered)/Refunded under Section E	\$ <u>2,365,304</u>	\$ <u>(10,452,129)</u>	\$ <u>(8,086,825)</u>
Total Reconciliation			
Revenues Recorded	\$ 1,459,580,792		\$ 1,459,580,792
Recoverable Costs	<u>1,344,810,710</u>	<u>4,161,375</u>	<u>1,348,972,085</u>
2001 Total Balance to be Refunded	114,770,082	(4,161,375)	110,608,707
Prior Period Adjustments			
1999		13,751,764	13,751,764
2000		<u>(36,017,779)</u>	<u>(36,017,779)</u>
Total Cumulative Balance to be Refunded (1999 through 2001)	\$ <u>114,770,082</u>	\$ <u>(26,427,390)</u>	\$ <u>88,342,692</u>

The above statement and accompanying supporting schedules have been restated – See Note 2 and the accompanying “PGA reconciliation for the year ended December 31, 2001 – Commodity Gas Cost” and “PGA reconciliation for the year ended December 31, 2001 – Non-Commodity”.

Notes:

1. **Basis of Presentation**

Nicor Gas maintains its financial books and records in accordance with accounting standards generally accepted in the United States of America. These statements have been prepared from the financial books and records of the Company in accordance with the annual reconciliation provision of Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission.

2. **Restatement**

Subsequent to the original filing of the "Reconciliation Balance for the Reconciliation Period Ended December 31, 2001 on April 3, 2002, an investigation of natural gas purchases, sales transportation and storage activities was undertaken by a special committee of independent Nicor directors. The special committee identified various errors in the accounting for Recoverable Commodity and Non-Commodity Related Costs, these errors included errors in the calculation of Rider 4, Gas Cost Performance Program amounts. In addition a review of gas purchasing transactions undertaken of the Company's Senior Management identified additional Recoverable Commodity and Non-Commodity Related Costs errors. The Reconciliation Balance for the Reconciliation Period Ended December 31, 2001 has been restated to reflect the adjustments noted above.

3. **Revenues Recorded Under Commodity Related Charges**

Revenue arising: (1) through application of the Commodity Gas Cost charge (CGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Transition Surcharge to customer-owned therms delivered under Rate 74 (General Transportation Service), Rate 76 (Large General Transportation Service), Rate 77 (Large Volume Transportation Service), Rate 81 (Energy Transportation Service), and Rider 25 (Firm Transportation Service); (3) from estimated unbilled service; (4) under the Unauthorized Use Charge provisions of Rate 74, Rate 76, Rate 77, and Rate 81, and Rider 13, exclusive of gas costs; (5) under the Excess Storage Charge provisions of Rate 74, Rate 76, Rate 77, Rate 81, and Rider 25 and Rider 13; and (6) exclusive of Standard Rider 5 revenue and interest.

4. **Recoverable Commodity Related Costs**

The Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2001).

5. **Revenues Recorded Under Non-Commodity Related Charges**

Revenue arising: (1) through application of the Non-Commodity Gas Cost charge (NCGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Demand Gas Cost charge (DGC) to Firm Backup Service levels of customers; (3) through application of the Aggregator Balancing Service Charge to customer-owned therms delivered under Rider 15, Customer Select Pilot Program and billed to suppliers providing service to such customers under Rider 16, Supplier Aggregation Service; (4) from estimated unbilled service; and (5) exclusive of interest.

Application of the Non-Commodity Gas Cost charge (NCGC) and Demand Gas Cost charge (DGC), pursuant to the Commission's Orders in Docket Nos. 88-0277 and 95-0219. The NCGC is applicable at the full calculated level to therms sold by the Company, and Authorized and Unauthorized Use therms sold to Rate 74, Rate 76, Rate 77, Rate 81, and Rider 13. The DGC is applicable to forty percent of Maximum Daily Contract Quantity (MDCQ) for Rate 6, Rate 7, and Rider 25, and to the elected level of Firm Backup Service for Rate 74, Rate 76, Rate 77, and Rate 81.

6. **Recoverable Non-Commodity Related Charges**

Non-Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2001).

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE COSTS  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2001

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2001 TOTAL
REVENUES RECORDED UNDER													
COMMODITY CHARGES	\$453,253,060	\$366,954,967	\$209,424,246	\$57,540,693	\$41,066,415	\$19,061,618	\$12,877,184	\$10,200,416	\$12,677,556	\$23,831,967	\$33,189,632	\$87,209,871	\$1,327,287,327
COMMODITY GAS CHARGE (GCG)	0	0	0	0	0	0	0	(30)	0	0	0	0	(30)
TRANSITION SURCHARGE	10,528	34,238	12,290	31,242	57,254	64,402	94,849	57,835	77,691	76,179	177,547	186,750	880,905
EXCESS STORAGE CHARGES	85,000	85,000	85,000	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	554,987
STORAGE SERVICES	(1,074,757)	0	0	0	0	(9,755)	(39,170)	0	0	0	0	0	(1,123,662)
UNAUTHORIZED USE CHARGES	105,335	103,753	79,829	38,169	21,377	15,405	0	0	(7,064)	(16,838)	(21,190)	(40,242)	278,434
RIDER 5 REVENUES	(101,800)	0	0	(64,100)	270,899	466,379	398,384	430,574	610,076	629,339	616,729	579,119	3,835,689
INTEREST ON REFUNDS	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	\$452,277,366	\$367,177,958	\$209,601,365	\$57,579,337	\$41,449,378	\$19,631,382	\$13,364,580	\$10,722,228	\$13,391,594	\$24,553,580	\$33,996,051	\$87,968,831	\$1,331,713,650
RECOVERABLE COMMODITY RELATED COSTS													
FIRM SUPPLY	\$ 428,763,283	\$ 220,171,633	\$ 140,181,104	\$ 104,130,551	\$ 10,055,504	\$ 6,151,453	\$ 8,944,841	\$ 7,505,133	\$ 11,393,503	\$ 4,985,803	\$ 38,900,143	\$ 101,987,761	\$1,083,170,812
SPOT GAS PURCHASES	(85,373,267)	118,918,240	41,637,020	27,834,832	107,830,667	70,212,711	43,476,650	36,972,062	35,344,147	56,937,580	47,605,096	12,847,391	515,244,129
OFF-SYSTEM SUPPLY SALES	0	(128,749,362)	(14,460,892)	(62,370,843)	(29,763,435)	(34,669,179)	(28,648,171)	(22,203,280)	(14,604,535)	(21,328,878)	(26,908,725)	(423,396,300)	(423,396,300)
INVENTORY ACTIVITY	93,880,461	56,473,620	(16,684,244)	6,382,014	(45,059,480)	(61,134,692)	(4,576,241)	(1,403,838)	(18,041,152)	(23,685,875)	(16,666,256)	(32,593,343)	2,075,657
HEDGING COSTS	8,962,647	(5,318,852)	953,358	282,319	119,901	(976,195)	(1,605,887)	(4,139,622)	(7,135,985)	(7,706,994)	(2,405,631)	(7,798,163)	(26,369,304)
SUPPLY MANAGEMENT COSTS	(402,858)	0	400,000	200,000	0	773,590	(93,625)	0	450,000	0	0	6,730,047	8,067,144
PBR COLLECTION	0	0	11,042,913	0	0	0	0	0	0	0	0	0	11,042,913
AMORTIZATION OF REFUNDS	0	0	(691,071)	0	0	0	0	0	0	0	0	0	(691,071)
AMORTIZATION OF PREVIOUS YEARS RB	23,441,362	26,723,530	0	0	0	0	0	0	0	0	0	0	50,164,892
2001 ACCOUNTING RESTATEMENT	0	0	40,392,615	0	0	12,465,182	0	0	(32,396,265)	0	0	(12,786,362)	7,675,170
REVERSING 2000 PLAN YEAR PBR COLLECTION	0	0	(11,042,913)	0	0	0	0	0	0	0	0	0	(11,042,913)
2000 PBR RESTATEMENT	0	0	(2,923,011)	0	0	0	0	0	0	0	0	0	(2,923,011)
TOTAL	\$469,271,628	\$289,219,809	\$189,604,879	\$76,458,873	\$33,258,592	(\$1,871,396)	\$11,486,559	\$10,285,563	(\$32,589,032)	\$13,926,079	\$46,102,272	\$106,664,292	\$1,213,018,118
COMMODITY RELATED OVER / (UNDER) COLLECTION	(\$16,994,262)	\$77,958,149	\$20,796,486	(\$18,879,536)	\$8,190,786	\$21,502,778	\$1,878,021	\$436,665	\$45,980,626	\$9,627,501	(\$12,106,221)	(\$18,695,461)	\$118,695,532

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
NON-COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE GAS COSTS  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2001

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2001 TOTAL
REVENUES RECORDED UNDER													
NON-COMMODITY RELATED CHARGES													
DGC AND NCGC	\$22,477,162	\$18,954,170	\$21,217,462	\$8,201,946	\$5,061,726	\$3,621,368	\$3,160,054	\$2,701,567	\$3,568,624	\$7,582,161	\$9,062,013	\$15,343,128	\$121,952,361
AGGREGATOR BALANCE SERVICE CHARGE	1,313,511	1,065,663	965,515	897,634	321,078	212,034	128,483	80,000	104,824	150,632	311,408	394,178	5,814,761
SUBTOTAL	\$23,790,673	\$20,019,833	\$22,182,977	\$10,099,580	\$5,372,804	\$3,833,402	\$3,288,537	\$2,781,567	\$3,673,448	\$7,732,793	\$9,373,422	\$15,737,306	\$127,767,142
RECOVERABLE NON-COMMODITY RELATED COSTS													
FIRM SUPPLY	\$ 9,084,841	\$ 10,706,976	\$ 8,370,087	\$ 6,350,489	\$ 6,185,559	\$ 6,367,227	\$ 6,297,275	\$ 6,297,595	\$ 6,297,746	\$ 6,457,577	\$ 7,445,113	\$ 9,090,807	\$88,961,292
FERC ORDER 636 TRANSITION CHARGE	78,095	75,625	73,154	71,560	71,560	60,337	60,337	60,337	60,337	60,337	60,337	(67,986)	664,048
DEMAND AND OTHER CREDITS	21,686,688	15,886	3,164,258	2,818,300	(506,186)	(286,091)	(682,006)	58,752	(460,749)	(902,001)	958,831	(451,003)	25,505,677
PURCHASED STORAGE SERVICE	3,255,516	3,255,516	(2,244,484)	3,125,705	3,186,515	3,181,204	2,437,682	3,183,280	2,595,512	1,737,835	3,231,066	(2,503,774)	24,451,653
PBR COLLECTION	0	0	1,174,726	0	0	0	0	0	0	0	0	0	1,174,726
AMORTIZATION OF REFUNDS	0	0	0	0	0	0	0	0	0	0	0	0	(2,042,809)
AMORTIZATION OF PREVIOUS YEARS RB	(21,316,821)	8,104,072	0	0	0	(2,042,809)	0	0	0	0	0	0	(13,212,749)
2001 ACCOUNTING RESTATEMENT	0	0	6,578,490	0	0	0	0	0	0	0	0	0	11,829,485
REVERSING 2000 PLAN YEAR PBR COLLECTION	0	0	(1,174,726)	0	0	0	0	0	0	0	0	0	(1,174,726)
2000 PBR RESTATEMENT	0	0	(302,630)	0	0	0	0	0	0	0	0	0	(302,630)
TOTAL	\$12,778,319	\$22,158,075	\$15,638,875	\$12,386,054	\$8,937,448	\$7,309,668	\$8,203,286	\$9,600,944	\$9,409,633	\$7,353,848	\$11,685,347	\$10,502,270	\$135,053,967
NON-COMMODITY RELATED OVER / (UNDER) COLLECTION	\$11,012,354	(\$2,136,242)	\$6,544,102	(\$2,286,474)	(\$3,564,644)	(\$3,476,469)	(\$4,914,749)	(\$6,819,377)	(\$5,735,365)	\$38,945	(\$2,321,925)	\$5,205,036	(\$9,086,925)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 01-0705  
PGA Reconciliation for the Year Ended December 31, 2001**

**Commodity Gas Cost**

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>	<u>Adjustments</u>	<u>Restatement</u>
1	Unamortized Balance as of 12/31/00 per 2000 Reconciliation	0		0
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/00 per 2000 Reconciliation	50,266,692		50,266,692
3	Factor O Collected/(Refunded) during 2000	0		0
	Requested Factor O to be Collected/(Refunded) (DUE TO RESTATEMENT)	0	22,266,015	22,266,015
4	Balance to be Collected/(Refunded) during 2001 from prior periods (sum of lines 1 thru 3)	<u>\$50,266,692</u>	<u>\$22,266,015</u>	<u>\$72,532,707</u>
5	2001 Gas Costs	1,159,034,947		1,159,034,947
6	2001 PGA Revenues	(1,328,120,760)		(1,328,120,760)
7	Pipeline Surcharges/(Refunds)	(691,071)		(691,071)
8	Other Adjustments	11,042,913		11,042,913
	Reversing 2000 Plan Year PBR Collection		(11,042,913)	(11,042,913)
	2000 PBR Restatement		(2,923,011)	(2,923,011)
	2001 Accounting Restatement	0	7,675,170	7,675,170
9	Interest	<u>(4,313,729)</u>		<u>(4,313,729)</u>
10	2001 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>(\$163,047,700)</u>	<u>(\$6,290,754)</u>	<u>(\$169,338,454)</u>
11	Under/(Over) Recovery Balance at 12/31/01 (line 4 + line 10)	(112,781,008)	15,975,261	(96,805,747)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/01	(62,220,763)		(62,220,763)
13	Unamortized Balance at 12/31/01 (per filing truing up actual for December 2001)	<u>(50,560,245)</u>		<u>(50,560,245)</u>
14	Requested Factor O to be Collected/(Refunded) (DUE TO RESTATEMENT) (line 11 - line 12 - line 13)	<u>\$0</u>	<u>\$15,975,261</u>	<u>\$15,975,261</u>

Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 01-0705  
PGA Reconciliation for the Year Ended December 31, 2001

Non-Commodity Gas Cost

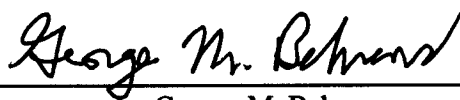
<u>Line</u>	<u>Description</u>	<u>Per Filings</u>	<u>Adjustments</u>	<u>Restatement</u>
1	Unamortized Balance as of 12/31/00 per 2000 Reconciliation	0		0
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/00 per 2000 Reconciliation	(13,212,756)		(13,212,756)
3	Factor O Collected/(Refunded) during 2000	0		0
4	Balance to be Collected/(Refunded) during 2001 from prior periods (sum of lines 1 thru 3)	<u>(\$13,212,756)</u>	<u>\$0</u>	<u>(\$13,212,756)</u>
5	2001 Gas Costs	133,667,908		133,667,908
6	2001 PGA Revenues	(121,952,381)		(121,952,381)
7	Pipeline Surcharges/(Refunds)	(2,042,809)		(2,042,809)
8	Other Adjustments	1,174,726		1,174,726
	Reversing 2000 Plan Year PBR Collection		(1,174,726)	(1,174,726)
	2000 PBR Restatement		(302,630)	(302,630)
	2001 Accounting Restatement	0	11,929,485	11,929,485
9	Interest	0		0
10	2001 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$10,847,444</u>	<u>\$10,452,129</u>	<u>\$21,299,573</u>
11	Under/(Over) Recovery Balance at 12/31/01 (line 4 + line 10)	(2,365,312)	10,452,129	8,086,817
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/01	(2,365,312)		(2,365,312)
13	Unamortized Balance at 12/31/01 (per filing truing up actual for December 2001)	0		0
14	Requested Factor O to be Collected/(Refunded) (DUE TO RESTATEMENT) (line 11 - line 12 - line 13)	<u>\$0</u>	<u>\$10,452,129</u>	<u>\$10,452,129</u>



STATE OF ILLINOIS       )  
                                      )  
COUNTY OF DUPAGE       )

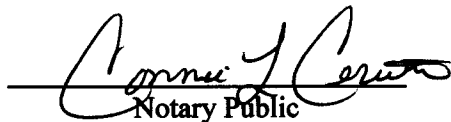
**VERIFICATION**

George M. Behrens, being first duly sworn, states that he is Vice President Administration and Treasurer of Northern Illinois Gas Company d/b/a Nicor Gas Company; that he has read the foregoing Statement by him subscribed and knows the contents thereof; and that the statements therein contained are true to the best of his knowledge and belief.



George M. Behrens  
Vice President Administration and Treasurer

SUBSCRIBED AND SWORN TO,  
before me this 28 day  
of March, 2003.

  
Notary Public

My Commission expires

01/14/07



OFFICIAL SEAL  
CONNIE L. CERUTTI  
NOTARY PUBLIC, STATE OF ILLINOIS  
MY COMMISSION EXPIRES: 01/14/07



To the Board of Directors  
Northern Illinois Gas Company  
1844 Ferry Road  
Naperville, IL 60563

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northern Illinois Gas Company for the year ended December 31, 2000, and have issued our report thereon dated February 28, 2003. We have also audited the accompanying statement Reconciliation Balance for the Reconciliation Period ended December 31, 2000 – Amendment No. 1. This statement is the responsibility of Northern Illinois Gas Company's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purpose of complying with Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission.

In our opinion, the statement referred to above presents fairly, in all material respects, the information set forth therein of Northern Illinois Gas Company for the reconciliation period ended December 31, 2000, in accordance with Rider 6 of the Company's rate schedule filed with the Illinois Commerce Commission.

As discussed in Note 2 to the statement, the accompanying statement has been restated.

This report is intended solely for the information and use of the Board of Directors and the management of Northern Illinois Gas Company and the Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

February 28, 2003

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY

RECONCILIATION BALANCE FOR THE RECONCILIATION PERIOD ENDED  
DECEMBER 31, 2000  
Amendment No. 1

Commodity Related Reconciliation (See Page 3 for detail)	Per Original Filing	Adjustments	As Restated
Revenues Recorded Under Commodity Related Charges (Note 3)	\$ 1,133,275,456		\$ 1,133,275,456
Recoverable Commodity Related Costs (Note 4)	<u>1,183,440,348</u>	<u>36,017,779</u>	<u>1,219,458,127</u>
2000 Balance to be Recovered under Section E	(50,164,892)	(36,017,779)	(86,182,671)
Prior Period Adjustments 1999		<u>13,751,764</u>	<u>13,751,764</u>
Cumulative Balance to be Recovered (1999 through 2000)	\$ <u>(50,164,892)</u>	\$ <u>(22,266,015)</u>	\$ <u>(72,430,907)</u>
Non-Commodity Related Reconciliation (See Page 4 for detail)			
Revenues Recorded Under Non-Commodity Related Charges (Notes 5)	\$ 139,360,657		\$ 139,360,657
Recoverable Non-Commodity Related Costs (Note 6)	<u>126,147,908</u>		<u>126,147,908</u>
2000 Balance to be Refunded under Section E	\$ <u>13,212,749</u>		\$ <u>13,212,749</u>
Total Reconciliation			
Revenues Recorded	\$ 1,272,636,113		\$ 1,272,636,113
Recoverable Costs	<u>1,309,588,256</u>	<u>36,017,779</u>	<u>1,345,606,035</u>
2000 Total Balance to be Recovered	(36,952,143)	(36,017,779)	(72,969,922)
Prior Period Adjustments 1999		<u>13,751,764</u>	<u>13,751,764</u>
Total Cumulative Balance to be Recovered (1999 through 2000)	\$ <u>(36,952,143)</u>	\$ <u>(22,266,015)</u>	\$ <u>(59,218,158)</u>

The above statement and accompanying supporting schedules have been restated – See Note 2 and the accompanying “PGA reconciliation for the year ended December 31, 2000 – Commodity Gas Cost” and “PGA reconciliation for the year ended December 31, 2000 – Non-Commodity”.

Notes:

1. **Basis of Presentation**

Nicor Gas maintains its financial books and records in accordance with accounting standards generally accepted in the United States of America. These statements have been prepared from the financial books and records of the Company in accordance with the annual reconciliation provision of Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission.

2. **Restatement**

Subsequent to the original filing of the "Reconciliation Balance for the Reconciliation Period Ended December 31, 2000 on March 29, 2001, an investigation of natural gas purchases, sales transportation and storage activities was undertaken by a special committee of independent Nicor directors. The special committee identified various errors in the accounting for Recoverable Commodity and Non-Commodity Related Costs, these errors included errors in the calculation of Rider 4, Gas Cost Performance Program amounts. In addition a review of gas purchasing transactions undertaken of the Company's Senior Management identified additional Recoverable Commodity and Non-Commodity Related Costs errors. The Reconciliation Balance for the Reconciliation Period Ended December 31, 2000 has been restated to reflect the adjustments noted above.

3. **Revenues Recorded Under Commodity Related Charges**

Revenue arising: (1) through application of the Commodity Gas Cost charge (CGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Transition Surcharge to customer-owned therms delivered under Rate 74 (General Transportation Service), Rate 76 (Large General Transportation Service), Rate 77 (Large Volume Transportation Service), Rate 81 (Energy Transportation Service), and Rider 25 (Firm Transportation Service); (3) from estimated unbilled service; (4) under the Unauthorized Use Charge provisions of Rate 74, Rate 76, Rate 77, and Rate 81, and Rider 13, exclusive of gas costs; (5) under the Excess Storage Charge provisions of Rate 74, Rate 76, Rate 77, Rate 81, and Rider 25 and Rider 13; and (6) exclusive of Standard Rider 5 revenue and interest.

4. **Recoverable Commodity Related Costs**

The Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2000).

5. **Revenues Recorded Under Non-Commodity Related Charges**

Revenue arising: (1) through application of the Non-Commodity Gas Cost charge (NCGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Demand Gas Cost charge (DGC) to Firm Backup Service levels of customers; (3) through application of the Aggregator Balancing Service Charge to customer-owned therms delivered under Rider 15, Customer Select Pilot Program and billed to suppliers providing service to such customers under Rider 16, Supplier Aggregation Service; (4) from estimated unbilled service; and (5) exclusive of interest.

Application of the Non-Commodity Gas Cost charge (NCGC) and Demand Gas Cost charge (DGC), pursuant to the Commission's Orders in Docket Nos. 88-0277 and 95-0219. The NCGC is applicable at the full calculated level to therms sold by the Company, and Authorized and Unauthorized Use therms sold to Rate 74, Rate 76, Rate 77, Rate 81, and Rider 13. The DGC is applicable to forty percent of Maximum Daily Contract Quantity (MDCQ) for Rate 6, Rate 7, and Rider 25, and to the elected level of Firm Backup Service for Rate 74, Rate 76, Rate 77, and Rate 81.

6. **Recoverable Non-Commodity Related Charges**

Non-Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2000).

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE COSTS  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2000

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2000 TOTAL
<b>REVENUES RECORDED UNDER</b>													
<b>COMMODITY CHARGES</b>													
COMMODITY GAS CHARGE (CGC)	\$140,988,889	\$86,234,123	\$68,106,982	\$64,874,079	\$28,818,616	\$28,353,425	\$23,691,377	\$28,251,117	\$30,877,091	\$72,130,170	\$191,954,394	\$368,552,465	\$1,130,632,688
TRANSMISSION SURCHARGE	0	0	1	0	0	0	0	0	0	0	0	0	1
EXCESS STORAGE CHARGES	74,980	17,012	40,039	62,172	57,513	69,048	93,448	(41,901)	40,331	37,872	108,863	(3,274)	545,881
STORAGE SERVICES	108,667	108,667	108,667	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	1,085,001
UNAUTHORIZED USE CHARGES	(96,811)	0	0	0	0	0	0	0	0	(98,908)	0	1,741,209	1,576,490
RIDER 5 REVENUES	52,809	35,149	30,082	14,474	13,860	6,287	6,774	11,789	10,791	25,389	66,898	121,828	396,456
INTEREST ON REFUNDS	(848)	0	0	36,044	(18,829)	(30,184)	(47,503)	(101,950)	(216,524)	(254,019)	(212,725)	(114,525)	(961,061)
<b>TOTAL</b>	<b>\$141,126,748</b>	<b>\$86,392,951</b>	<b>\$68,283,761</b>	<b>\$54,871,769</b>	<b>\$28,856,250</b>	<b>\$28,473,556</b>	<b>\$23,829,094</b>	<b>\$28,204,055</b>	<b>\$30,796,689</b>	<b>\$71,955,284</b>	<b>\$192,002,498</b>	<b>\$370,382,801</b>	<b>\$1,133,275,456</b>
<b>RECOVERABLE COMMODITY RELATED COSTS</b>													
FIRM SUPPLY	\$ 78,041,588	\$ 81,142,475	\$ 29,255,344	\$ 23,747,031	\$ 38,708,548	\$ 81,943,480	\$ 90,989,501	\$ 55,690,317	\$ 89,443,227	\$ 59,418,088	\$ 148,508,897	\$ 321,381,325	\$1,037,818,819
SPOT GAS PURCHASES	2,380,537	794,124	4,389,489	5,032,736	5,206,221	31,847,317	7,195,618	3,712,520	20,872,829	35,257,067	(38,245,942)	34,074,136	112,616,552
INVENTORY ACTIVITY	46,591,831	36,967,507	41,862,071	32,386,128	(4,046,683)	(36,751,996)	(92,247,864)	(33,851,018)	(47,360,224)	(31,852,954)	44,522,489	17,225,525	2,824,808
PURCHASED STORAGE SERVICE	4,165	0	0	0	363,808	(363,808)	0	0	0	0	0	0	4,165
COMMODITY CREDITS	0	(306,400)	(483,800)	(3,593,660)	0	(1,285,818)	0	0	0	0	0	0	(5,679,478)
HEDGING COSTS	(16,408)	146,124	(43,135)	811,880	(2,063,678)	(219,086)	(796,584)	2,141,175	(621,187)	12,659,419	2,275,790	3,600,339	17,874,630
SUPPLY MANAGEMENT COSTS	0	0	0	220,000	0	264,085	0	0	194,776	0	0	4,425,151	5,104,022
AMORTIZATION OF PREVIOUS YEARS RB	2,920,086	9,856,732	0	0	0	0	0	0	0	0	0	0	12,876,830
<b>2000 ACCOUNTING RESTATEMENT</b>	<b>0</b>	<b>0</b>	<b>9,800,721</b>	<b>0</b>	<b>0</b>	<b>10,938,192</b>	<b>0</b>	<b>0</b>	<b>11,149,424</b>	<b>0</b>	<b>0</b>	<b>4,128,442</b>	<b>36,017,779</b>
<b>TOTAL</b>	<b>\$129,921,588</b>	<b>\$109,400,562</b>	<b>\$84,570,880</b>	<b>\$59,594,113</b>	<b>\$38,168,208</b>	<b>\$68,373,344</b>	<b>\$34,820,771</b>	<b>\$27,382,994</b>	<b>\$53,778,835</b>	<b>\$75,379,620</b>	<b>\$157,062,284</b>	<b>\$394,834,918</b>	<b>\$1,219,498,127</b>
<b>COMMODITY RELATED OVER / (UNDER) COLLECTION</b>	<b>\$11,205,160</b>	<b>(\$12,007,611)</b>	<b>(\$16,287,129)</b>	<b>(\$3,712,344)</b>	<b>(\$11,211,958)</b>	<b>(\$37,889,788)</b>	<b>(\$10,981,677)</b>	<b>\$841,061</b>	<b>(\$22,982,146)</b>	<b>(\$3,424,336)</b>	<b>\$34,940,214</b>	<b>(\$14,452,117)</b>	<b>(\$86,182,671)</b>

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
NON-COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE GAS COSTS  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2000

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
2000													
REVENUES RECORDED UNDER													
NON-COMMODITY RELATED CHARGES													
DGC AND NCGC	\$24,450,030	\$16,813,969	\$13,202,403	\$10,386,143	\$4,778,081	\$4,192,948	\$3,143,146	\$3,603,510	\$3,639,630	\$6,339,341	\$15,366,871	\$28,071,394	\$134,987,466
AGGREGATOR BALANCE SERVICE CHARGE	565,120	704,350	577,763	389,459	308,339	189,078	157,853	134,800	135,860	173,371	281,465	746,733	4,373,191
SUBTOTAL	\$25,015,150	\$17,518,319	\$13,780,166	\$10,785,602	\$5,086,420	\$4,381,026	\$3,300,999	\$3,738,310	\$3,775,490	\$6,512,712	\$15,648,336	\$28,818,127	\$139,360,657
RECOVERABLE NON-COMMODITY RELATED COSTS													
FIRM SUPPLY	\$ 10,584,284	\$ 10,496,403	\$ 9,783,243	\$ 7,248,818	\$ 7,284,100	\$ 7,177,983	\$ 7,462,916	\$ 7,163,308	\$ 7,161,177	\$ 7,351,646	\$ 7,857,825	\$ 8,769,222	\$ 98,320,925
FERC ORDER GAS TRANSITION CHARGE	(52,180)	(52,180)	(52,180)	(58,560)	(58,560)	(106,931)	(106,931)	(106,931)	(106,931)	(106,931)	(106,931)	(106,931)	(842,082)
DEMAND AND OTHER CREDITS	(276,657)	(516,189)	(1,704,212)	(1,034,980)	215,419	(285,879)	(443,532)	(2,275,988)	(284,507)	(764,078)	(3,024,422)	1,470,928	(8,914,086)
PURCHASED STORAGE SERVICE	2,808,813	2,253,907	2,521,565	3,358,566	3,255,516	3,619,323	3,185,241	3,159,891	3,255,516	3,255,516	3,255,515	1,161,502	35,088,571
AMORTIZATION OF REFUNDS	0	0	0	0	(425,275)	(145,089)	0	0	0	0	0	0	(570,364)
AMORTIZATION OF PREVIOUS YEARS RB	(16,967,070)	19,732,024	0	0	0	0	0	0	0	0	0	0	3,064,954
TOTAL	(\$3,904,810)	\$31,913,985	\$10,546,416	\$9,513,834	\$10,251,200	\$10,279,407	\$10,097,694	\$7,940,280	\$10,015,235	\$9,736,153	\$7,981,987	\$11,474,907	\$126,147,908
NON-COMMODITY RELATED OVER / (UNDER) COLLECTION	\$28,619,960	(\$14,395,366)	\$3,231,750	\$1,271,768	(\$5,164,780)	(\$5,898,381)	(\$8,799,695)	(\$4,201,970)	(\$5,239,765)	(\$3,223,441)	\$7,666,349	\$18,343,320	\$13,212,749

Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 00-0718  
PGA Reconciliation for the Year Ended December 31, 2000

Commodity Gas Cost

Line	Description	Per Filings	Adjustments	Restatement
1	Unamortized Balance as of 12/31/99 per 1999 Reconciliation	0		0
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/99 per 1999 Reconciliation	12,877,678		12,877,678
3	Factor O Collected/(Refunded) during 1999	0		0
	Requested Factor O to be Collected/(Refunded) (DUE TO RESTATEMENT)	0	(13,751,764)	(13,751,764)
4	Balance to be Collected/(Refunded) during 2000 from prior periods (sum of lines 1 thru 3)	<u>\$12,877,678</u>	<u>(13,751,764)</u>	<u>(\$874,086)</u>
5	2000 Gas Costs	1,168,441,143		1,168,441,143
6	2000 PGA Revenues	(1,132,114,145)		(1,132,114,145)
7	Pipeline Surcharges/(Refunds)	0		0
8	Other Adjustments	0		0
	2000 Accounting Restatement	0	36,017,779	36,017,779
9	Interest	<u>1,062,016</u>		<u>1,062,016</u>
10	2000 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$37,389,014</u>	<u>\$36,017,779</u>	<u>\$73,406,793</u>
11	Under/(Over) Recovery Balance at 12/31/00 (line 4 + line 10)	50,266,692	22,266,015	72,532,707
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/00	50,266,692		50,266,692
13	Unamortized Balance at 12/31/00 (per filing truing up actual for December 2000)	0		0
14	Requested Factor O to be Collected/(Refunded) (DUE TO RESTATEMENT) (line 11 - line 12 - line 13)	<u>\$0</u>	<u>\$22,266,015</u>	<u>\$22,266,015</u>

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 00-0718  
PGA Reconciliation for the Year Ended December 31, 2000**

**Non-Commodity Gas Cost**

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/99 per 1999 Reconciliation	0
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/99 per 1999 Reconciliation	3,064,951
3	Factor O Collected/(Refunded) during 1999	<u>0</u>
4	Balance to be Collected/(Refunded) during 2000 from prior periods (sum of lines 1 thru 3)	<u><u>\$3,064,951</u></u>
5	2000 Gas Costs	119,280,125
6	2000 PGA Revenues	(134,987,466)
7	Pipeline Surcharges/(Refunds)	(570,364)
8	Other Adjustments	0
9	Interest	<u>0</u>
10	2000 Under/(Over) Recovery (sum of lines 5 thru 9)	<u><u>(\$16,277,705)</u></u>
11	Under/(Over) Recovery Balance at 12/31/00 (line 4 + line 10)	(13,212,754)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/00	(13,212,754)
13	Unamortized Balance at 12/31/00 (per filing truing up actual for December 2000)	<u>0</u>
14	Requested Factor O (line 11 - line 12 - line 13)	<u><u>\$0</u></u>



STATE OF ILLINOIS       )  
                                      )  
COUNTY OF DUPAGE       )

**VERIFICATION**

George M. Behrens, being first duly sworn, states that he is Vice President Administration and Treasurer of Northern Illinois Gas Company d/b/a Nicor Gas Company; that he has read the foregoing Statement by him subscribed and knows the contents thereof; and that the statements therein contained are true to the best of his knowledge and belief.

*George M. Behrens*

George M. Behrens  
Vice President Administration and Treasurer

SUBSCRIBED AND SWORN TO,  
before me this 28 day  
of March, 2003.

*Connie L. Cerutti*  
Notary Public

My Commission expires

01/14/07



OFFICIAL SEAL  
CONNIE L. CERUTTI  
NOTARY PUBLIC, STATE OF ILLINOIS  
MY COMMISSION EXPIRES: 01/14/07



To the Board of Directors  
Northern Illinois Gas Company  
1844 Ferry Road  
Naperville, IL 60563

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northern Illinois Gas Company for the year ended December 31, 1999, and have issued our report thereon dated February 28, 2003. We have also audited the accompanying statement Reconciliation Balance for the Reconciliation Period ended December 31, 1999 – Amendment No. 1. This statement is the responsibility of Northern Illinois Gas Company's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purpose of complying with Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission.

In our opinion, the statement referred to above presents fairly, in all material respects, the information set forth therein of Northern Illinois Gas Company for the reconciliation period ended December 31, 1999, in accordance with Rider 6 of the Company's rate schedule filed with the Illinois Commerce Commission.

As discussed in Note 2 to the statement, the accompanying statement has been restated.

This report is intended solely for the information and use of the Board of Directors and the management of Northern Illinois Gas Company and the Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

February 28, 2003

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY

RECONCILIATION BALANCE FOR THE RECONCILIATION PERIOD ENDED  
DECEMBER 31, 1999  
Amendment No. 1

Commodity Related Reconciliation (See Page 3 for detail)	Per Original Filing	Adjustments	As Restated
Revenues Recorded Under Commodity Related Charges (Note 3)	\$ 597,780,569		\$ 597,780,569
Recoverable Commodity Related Costs (Note 4)	<u>610,657,399</u>	<u>(13,751,764)</u>	<u>596,905,635</u>
Balance to be (Recovered)/Refunded under Section E	\$ <u>(12,876,830)</u>	\$ <u>13,751,764</u>	\$ <u>874,934</u>
Non-Commodity Related Reconciliation (See Page 4 for detail)			
Revenues Recorded Under Non-Commodity Related Charges (Notes 5)	\$ 141,764,919		\$ 141,764,919
Recoverable Non-Commodity Related Costs (Note 6)	<u>144,829,873</u>		<u>144,829,873</u>
Balance to be Recovered under Section E	\$ <u>(3,064,954)</u>		\$ <u>(3,064,954)</u>
Total Reconciliation			
Revenues Recorded	\$ 739,545,488		\$ 739,545,488
Recoverable Costs	<u>755,487,272</u>	<u>(13,751,764)</u>	<u>741,735,508</u>
Total Balance to be Recovered	\$ <u>(15,941,784)</u>	\$ <u>13,751,764</u>	\$ <u>(2,190,020)</u>

The above statement and accompanying supporting schedules have been restated – See Note 2 and the accompanying “PGA reconciliation for the year ended December 31, 1999 – Commodity Gas Cost” and “PGA reconciliation for the year ended December 31, 1999 – Non-Commodity”.

Notes:

1. **Basis of Presentation**

Nicor Gas maintains its financial books and records in accordance with accounting standards generally accepted in the United States of America. These statements have been prepared from the financial books and records of the Company in accordance with the annual reconciliation provision of Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission.

2. **Restatement**

Subsequent to the original filing of the "Reconciliation Balance for the Reconciliation Period Ended December 31, 1999 on February 29, 2000, an investigation of natural gas purchases, sales transportation and storage activities was undertaken by a special committee of independent Nicor directors. The special committee identified various errors in the accounting for Recoverable Commodity and Non-Commodity Related Costs, these errors included errors in the calculation of Rider 4, Gas Cost Performance Program amounts. In addition a review of gas purchasing transactions undertaken of the Company's Senior Management identified additional Recoverable Commodity and Non-Commodity Related Costs errors. The Reconciliation Balance for the Reconciliation Period Ended December 31, 1999 has been restated to reflect the adjustments noted above.

3. **Revenues Recorded Under Commodity Related Charges**

Revenue arising: (1) through application of the Commodity Gas Cost charge (CGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Transition Surcharge to customer-owned therms delivered under Rate 74 (General Transportation Service), Rate 76 (Large General Transportation Service), Rate 77 (Large Volume Transportation Service), Rate 81 (Energy Transportation Service), and Rider 25 (Firm Transportation Service); (3) from estimated unbilled service; (4) under the Unauthorized Use Charge provisions of Rate 74, Rate 76, Rate 77, and Rate 81, and Rider 13, exclusive of gas costs; (5) under the Excess Storage Charge provisions of Rate 74, Rate 76, Rate 77, Rate 81, and Rider 25 and Rider 13; and (6) exclusive of Standard Rider 5 revenue and interest.

4. **Recoverable Commodity Related Costs**

The Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 1999).

5. **Revenues Recorded Under Non-Commodity Related Charges**

Revenue arising: (1) through application of the Non-Commodity Gas Cost charge (NCGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Demand Gas Cost charge (DGC) to Firm Backup Service levels of customers; (3) through application of the Aggregator Balancing Service Charge to customer-owned therms delivered under Rider 15, Customer Select Pilot Program and billed to suppliers providing service to such customers under Rider 16, Supplier Aggregation Service; (4) from estimated unbilled service; and (5) exclusive of interest.

Application of the Non-Commodity Gas Cost charge (NCGC) and Demand Gas Cost charge (DGC), pursuant to the Commission's Orders in Docket Nos. 88-0277 and 95-0219. The NCGC is applicable at the full calculated level to therms sold by the Company, and Authorized and Unauthorized Use therms sold to Rate 74, Rate 76, Rate 77, Rate 81, and Rider 13. The DGC is applicable to forty percent of Maximum Daily Contract Quantity (MDCQ) for Rate 6, Rate 7, and Rider 25, and to the elected level of Firm Backup Service for Rate 74, Rate 76, Rate 77, and Rate 81.

6. **Recoverable Non-Commodity Related Charges**

Non-Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 1999).

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE COSTS  
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 1999

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1999 TOTAL
REVENUES RECORDED UNDER													
COMMODITY CHARGES													
COMMODITY GAS CHARGE (GCG)	\$122,966,568	\$84,086,598	\$80,840,063	\$24,659,233	\$19,536,870	\$15,628,931	\$13,984,091	\$13,055,940	\$19,387,898	\$48,622,138	\$68,792,530	\$123,764,572	\$895,215,222
TRANSMISSION SURCHARGE	12,382	1,053	107	(21)	89	1	0	24	(21)	6	0	1	13,401
EXCESS STORAGE CHARGES	(188,989)	(124,335)	(21,890)	9,062	34,832	65,598	49,451	122,817	14,298	30,059	385,160	171,765	517,446
STORAGE SERVICES	158,061	158,061	158,061	180,000	180,000	106,667	106,667	106,667	106,667	106,667	106,667	181,667	1,889,852
RIDER 5 REVENUES	(64,788)	(38,424)	(17,307)	(94)	(27,488)	(7,820)	(4,524)	(875)	(8,861)	35,939	22,804	44,451	(58,458)
INTEREST ON REFUNDS	104,998	91,824	101,064	94,142	75,808	49,253	28,600	(28,400)	(28,483)	(17,995)	(24,803)	(25,402)	420,706
TOTAL	\$122,985,222	\$84,164,577	\$81,068,108	\$24,951,862	\$19,810,070	\$15,840,628	\$14,164,285	\$13,255,973	\$19,483,488	\$48,676,824	\$69,282,648	\$124,187,044	\$587,780,869
RECOVERABLE COMMODITY RELATED COSTS													
FIRM SUPPLY	48,386,370	25,618,303	18,624,739	1,240,783	15,573,209	14,576,636	20,814,742	23,291,347	22,871,284	21,800,595	50,430,071	27,864,488	282,122,586
SPOT GAS PURCHASES	11,511,373	130,652	(4,121,044)	300,018	38,811,166	27,872,176	34,474,051	30,637,828	48,641,589	69,857,711	15,657,704	1,807,185	273,650,520
INVENTORY ACTIVITY	56,087,712	48,498,696	61,329,719	31,731,588	(16,887,841)	(25,430,187)	(43,887,622)	(31,104,288)	(42,018,045)	(48,425,089)	(1,746,026)	95,380,186	83,006,783
PURCHASED STORAGE SERVICE	0	48,198	68,728	22,740	10,913	71,830	(6,028)	2,652	1,441	2,489	4,129	5,257	233,428
COMMODITY CREDITS	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(248,140)	(80,000)	(80,000)	(1,128,140)
HEDGING COSTS	26,000	10,000	0	0	0	0	0	0	0	321,100	0	0	357,100
AMORTIZATION OF REFUNDS	0	0	0	0	0	(23,515)	(154,815)	0	0	0	0	0	(175,330)
AMORTIZATION OF PREVIOUS YEARS RB	(1,200,000)	(8,712,000)	(10,792,000)	(4,000,000)	(3,261,020)	(8,700,751)	0	0	0	0	0	0	(36,965,771)
1999 ACCOUNTING RESTATEMENT	0	0	0	0	0	0	0	0	0	0	0	(13,751,784)	(13,751,784)
SUBTOTAL	114,710,455	65,515,848	65,831,140	28,215,120	34,066,426	8,286,289	11,150,327	22,747,639	27,415,289	43,507,646	64,265,978	111,285,372	598,077,410
LESS NONRECOVERABLE COST OF COMPANY USE	675,333	498,442	0	0	0	0	0	0	0	0	0	0	1,174,775
TOTAL	\$114,035,122	\$65,019,407	\$65,831,140	\$28,215,120	\$34,066,426	\$8,286,289	\$11,150,327	\$22,747,639	\$27,415,289	\$43,507,646	\$64,265,978	\$111,285,372	\$596,902,635
COMMODITY RELATED OVER / (UNDER) COLLECTION	\$8,950,100	(\$884,830)	(\$4,873,032)	(\$4,283,288)	(\$14,286,416)	\$7,554,338	\$3,013,958	(\$9,481,686)	(\$7,931,781)	\$5,189,178	\$4,996,670	\$12,871,672	\$874,934

NORTHERN ILLINOIS GAS COMPANY  
d/b/a NICOR GAS COMPANY  
NON-COMMODITY RELATED RECONCILIATION BALANCE  
STATEMENT OF REVENUES AND RECOVERABLE GAS COSTS  
FOR THE RECONCILIATION PERIOD ENDED ENDED DECEMBER 31, 1999

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1999 TOTAL
REVENUES RECORDED UNDER													
NON-COMMODITY RELATED CHARGES													
DGC AND NCGC	\$24,646,128	\$17,728,806	\$21,220,017	\$9,887,089	\$6,164,841	\$4,636,594	\$3,686,449	\$3,373,586	\$4,228,233	\$8,758,865	\$12,158,800	\$23,016,366	\$139,611,784
AGGREGATOR BALANCE SERVICE CHARGE	279,778	306,593	234,412	226,746	114,541	88,842	110,335	78,279	90,652	101,658	239,618	321,081	2,283,135
SUBTOTAL	<u>\$24,925,906</u>	<u>\$18,035,399</u>	<u>\$21,454,429</u>	<u>\$10,113,835</u>	<u>\$6,279,382</u>	<u>\$4,725,436</u>	<u>\$3,806,784</u>	<u>\$3,451,875</u>	<u>\$4,319,085</u>	<u>\$8,860,523</u>	<u>\$12,398,418</u>	<u>\$23,337,447</u>	<u>\$141,764,919</u>
RECOVERABLE NON-COMMODITY RELATED COSTS													
FIRM SUPPLY	\$ 10,644,886	\$ 10,257,873	\$ 9,805,249	\$ 8,638,694	\$ 8,033,190	\$ 6,732,687	\$ 9,087,548	\$ 6,187,669	\$ 6,682,431	\$ 6,991,374	\$ 10,222,158	\$ 10,270,865	\$112,734,737
FERC ORDER 636 TRANSITION CHARGE	228,591	228,593	228,593	228,593	228,593	29,852	29,852	29,852	29,852	29,852	29,852	(52,180)	1,289,885
DEMAND AND OTHER CREDITS	(310,798)	(409,590)	(910,914)	(752,756)	(346,831)	(246,633)	(475,688)	(346,587)	(235,787)	(212,583)	(274,148)	(256,259)	(4,786,387)
PURCHASED STORAGE SERVICE	2,746,396	2,621,396	2,806,396	2,621,396	2,546,212	2,527,565	2,621,396	2,550,500	2,621,396	2,559,401	2,531,399	2,142,354	30,687,807
AMORTIZATION OF REFUNDS	0	0	0	0	0	(876,536)	0	0	0	0	0	0	(876,536)
AMORTIZATION OF PREVIOUS YEARS RB	(14,904,253)	20,943,714	0	0	0	0	0	0	0	0	0	0	8,039,461
SUBTOTAL	<u>(\$1,595,067)</u>	<u>\$33,641,986</u>	<u>\$11,728,324</u>	<u>\$10,735,827</u>	<u>\$11,481,365</u>	<u>\$10,163,935</u>	<u>\$11,243,107</u>	<u>\$10,418,424</u>	<u>\$11,297,892</u>	<u>\$11,398,034</u>	<u>\$12,509,260</u>	<u>\$12,104,780</u>	<u>\$145,079,967</u>
LESS NONRECOVERABLE COMPANY USE COST	128,549	121,545	0	0	0	0	0	0	0	0	0	0	250,984
TOTAL	<u>(\$1,723,616)</u>	<u>\$33,520,441</u>	<u>\$11,728,324</u>	<u>\$10,735,827</u>	<u>\$11,481,365</u>	<u>\$10,163,935</u>	<u>\$11,243,107</u>	<u>\$10,418,424</u>	<u>\$11,297,892</u>	<u>\$11,398,034</u>	<u>\$12,509,260</u>	<u>\$12,104,780</u>	<u>\$144,829,873</u>
NON-COMMODITY RELATED OVER / (UNDER) RECOVERY	<u>\$26,646,522</u>	<u>(\$16,427,042)</u>	<u>\$9,726,106</u>	<u>(\$822,092)</u>	<u>(\$5,161,553)</u>	<u>(\$6,438,499)</u>	<u>(\$7,436,323)</u>	<u>(\$6,967,549)</u>	<u>(\$6,978,807)</u>	<u>(\$2,609,511)</u>	<u>(\$10,842)</u>	<u>\$11,232,667</u>	<u>(\$3,064,954)</u>

Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 99-0481  
PGA Reconciliation for the Year Ended December 31, 1999

Commodity Gas Cost

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>	<u>Adjustments</u>	<u>Restatement</u>
1	Unamortized Balance as of 12/31/98 per 1998 Reconciliation	(27,051,454)		(27,051,454)
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/98 per 1998 Reconciliation	(9,912,000)		(9,912,000)
3	Factor O Collected/(Refunded) during 1998	0		0
4	Balance to be Collected/(Refunded) during 1999 from prior periods (sum of lines 1 thru 3)	<u>(\$36,963,454)</u>		<u>(\$36,963,454)</u>
5	1999 Gas Costs	646,970,252		646,970,252
6	1999 PGA Revenues	(596,828,616)		(596,828,616)
7	Pipeline Surcharges/(Refunds)	(178,330)		(178,330)
8	Other Adjustments	0		0
	1999 Accounting Restatement		(13,751,764)	(13,751,764)
9	Interest	<u>(122,174)</u>		<u>(122,174)</u>
10	1999 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$49,841,132</u>	<u>(\$13,751,764)</u>	<u>\$36,089,368</u>
11	Under/(Over) Recovery Balance at 12/31/99 (line 4 + line 10)	12,877,678	(13,751,764)	(874,086)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/99	12,877,678		12,877,678
13	Unamortized Balance at 12/31/99 (per filing truing up actual for December 1999)	<u>0</u>		<u>0</u>
14	Requested Factor O to be Collected/(Refunded) (DUE TO RESTATEMENT) (line 11 - line 12 - line 13)	<u>\$0</u>	<u>(\$13,751,764)</u>	<u>(\$13,751,764)</u>

Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 99-0481  
PGA Reconciliation for the Year Ended December 31, 1999

Non-Commodity Gas Cost

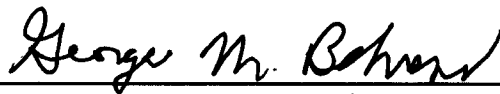
<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/98 per 1998 Reconciliation	0
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/98 per 1998 Reconciliation	6,039,454
3	Factor O Collected/(Refunded) during 1998	<u>0</u>
4	Balance to be Collected/(Refunded) during 1999 from prior periods (sum of lines 1 thru 3)	<u><u>\$6,039,454</u></u>
5	1999 Gas Costs	137,413,817
6	1999 PGA Revenues	(139,511,784)
7	Pipeline Surcharges/(Refunds)	(876,536)
8	Other Adjustments	0
9	Interest	<u>0</u>
10	1999 Under/(Over) Recovery (sum of lines 5 thru 9)	<u><u>(\$2,974,503)</u></u>
11	Under/(Over) Recovery Balance at 12/31/99 (line 4 + line 10)	3,064,951
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/99	3,064,951
13	Unamortized Balance at 12/31/99 (per filing truing up actual for December 1999)	<u>0</u>
14	Requested Factor O (line 11 - line 12 - line 13)	<u><u>\$0</u></u>



STATE OF ILLINOIS       )  
                                      )  
COUNTY OF DUPAGE       )

**VERIFICATION**

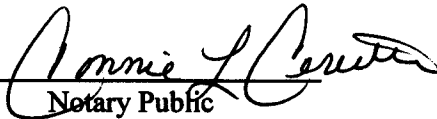
George M. Behrens, being first duly sworn, states that he is Vice President Administration and Treasurer of Northern Illinois Gas Company d/b/a Nicor Gas Company; that he has read the foregoing Statement by him subscribed and knows the contents thereof; and that the statements therein contained are true to the best of his knowledge and belief.



George M. Behrens

Vice President Administration and Treasurer

SUBSCRIBED AND SWORN TO,  
before me this 28 day  
of March, 2003.

  
Notary Public

My Commission expires

01/14/07



OFFICIAL SEAL  
CONNIE L. CERUTTI  
NOTARY PUBLIC, STATE OF ILLINOIS  
MY COMMISSION EXPIRES: 01/14/07